Joint Committee on Taxation
August 4, 1989
JCX-43-89

# DISTRIBUTIONAL EFFECT OF CHAIRMAN ROSTENKOWSKI'S CAPITAL GAINS PROPOSAL

[1991 Income Levels]

| Income Class[1] | Number of Returns With Tax Change (Thousands) | Aggregate Tax Change (Millions of Dollars) | Percent Distribution of Aggregate Tax Change [2] |
|---|---|---|---|
| Less than $10,000..... | 84 | $ -15 | 0.1% |
| 10,000 - 20,000..... | 755 | -139 | 0.7 |
| 20,000 - 30,000..... | 1,431 | -295 | 1.4 |
| 30,000 - 40,000..... | 1,580 | -563 | 2.7 |
| 40,000 - 50,000..... | 1,168 | -999 | 4.7 |
| 50,000 - 75,000..... | 1,761 | -1,735 | 8.2 |
| 75,000 - 100,000..... | 666 | -1,557 | 7.4 |
| 100,000 - 200,000..... | 1,019 | -4,071 | 19.2 |
| 200,000 and Above..... | 512 | -11,788 | 55.7 |
| **Total.....** | **8,976** | **$-21,162** | **100.0%** |

NOTE: Details may not add to totals due to rounding.

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[1] The income concept used to place tax returns into income classes is adjusted gross income, plus: (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside build-up on life insurance, (4) worker's compensation, (5) nontaxable social security benefits, (6) deductible contributions to individual retirement accounts, (7) the minimum tax preferences, and (8) net losses in excess of minimum tax preferences, from passive business activities.

[2] Figures indicate the actual benefit received under a fully phased-in proposal, assuming no change in taxpayer behavior. This measure understates the actual tax benefit received by certain taxpayers.